



Commission steps up fight against money laundering and terrorist financing

Brussels, 7 May 2020

The European Commission has today put forward a comprehensive approach to further strengthen the EU's fight against money laundering and terrorist financing.

The Commission has published an ambitious and multifaceted Action Plan, which sets out concrete measures that the Commission will take over the next 12 months to better enforce, supervise and coordinate the EU's rules on combating money laundering and terrorist financing. The aim of this new, comprehensive approach is to shut down any remaining loopholes and remove any weak links in the EU's rules.

Executive Vice-President Valdis **Dombrovskis** said: *"We need to put an end to dirty money infiltrating our financial system. Today we are further bolstering our defences to fight money laundering and terrorist financing, with a comprehensive and far-reaching Action Plan. There should be no weak links in our rules and their implementation. We are committed to delivering on all these actions - swiftly and consistently – over the next 12 months. We are also strengthening the EU's global role in terms of shaping international standards on fighting money laundering and terrorism financing."*

The Commission has also published today a more transparent, refined methodology to identify high-risk third countries that have strategic deficiencies in their anti-money laundering and countering terrorist financing regimes that pose significant threats to the EU's financial system. This will enhance our engagement with third countries and ensure greater cooperation with [the Financial Action Task Force \(FATF\)](#).

Finally, the Commission has also adopted a new list of third countries with strategic deficiencies in their anti-money laundering and counter-terrorist financing frameworks.

Action Plan for a Comprehensive EU policy on Preventing Money Laundering and Terrorist Financing

Today's Action Plan is built on six pillars, each of which is aimed at improving the EU's overall fight against money laundering and terrorist financing, as well as strengthening the EU's global role in this area. When combined, these six pillars will ensure that EU rules are more harmonised and therefore more effective. The rules will be better supervised and there will be better coordination between Member State authorities.

The six pillars are as follows:

- 1. Effective application of EU rules:** the Commission will continue to monitor closely the implementation of EU rules by Member States to ensure that national rules are in line with the highest possible standards. In parallel, today's Action Plan encourages the European Banking Authority (EBA) to make full use of its new powers to tackle money laundering and terrorist financing.
- 2. A single EU rulebook:** while current EU rules are far-reaching and effective, Member States tend to apply them in a wide variety of different manners. Diverging interpretations of the rules therefore lead to loopholes in our system, which can be exploited by criminals. To combat this, the Commission will propose a more harmonised set of rules in the first quarter of 2021.
- 3. EU-level supervision:** currently it is up to each Member State to individually supervise EU rules in this area and as a result, gaps can develop in how the rules are supervised. In the first quarter of 2021, the Commission will propose to set up an EU-level supervisor.
- 4. A coordination and support mechanism for Member State Financial Intelligence Units:** [Financial Intelligence Units](#) in Member States play a critical role in identifying transactions and activities that could be linked to criminal activities. In the first quarter of 2021, the Commission will propose to establish an EU mechanism to help further coordinate and support the work of these bodies.
- 5. Enforcing EU-level criminal law provisions and information exchange:** Judicial and police cooperation, on the basis of EU instruments and institutional arrangements, is essential to ensure the proper exchange of information. The private sector can also play a role in fighting money

laundering and terrorist financing. The Commission will issue guidance on the role of public-private partnerships to clarify and enhance data sharing.

- 6. The EU's global role:** the EU is actively involved within the Financial Action Task Force and on the world stage in shaping international standards in the fight against money laundering and terrorist financing. We are determined to step up our efforts so that we are a single global actor in this area. In particular, the EU will need to adjust its approach to third countries with deficiencies in their regime regarding anti-money laundering and countering terrorist financing that put our Single Market at risk. The new methodology issued alongside this Action Plan today provides the EU with the necessary tools to do so. Pending the application of the revised methodology, today's updated EU list ensures better alignment with the latest FATF (Financial Action Task Force) list.

To ensure inclusive discussions on the development of these policies, the Commission launched a public consultation today on the Action Plan. Authorities, stakeholders and citizens will have until 29 July to provide their feedback.

Refined methodology

The Commission has today published a new methodology to identify high-risk third countries that have strategic deficiencies in their national anti-money laundering and countering terrorist financing regimes, which pose significant threats to the EU's financial system. The aim of this new methodology is to provide more clarity and transparency in the process of identifying these third countries. The key new elements concern: (i) the interaction between the EU and FATF listing process; (ii) an enhanced engagement with third countries; and (iii) reinforced consultation of Member States experts. The European Parliament and the Council will have access to all relevant information at the different stages of the procedures, subject to appropriate handling requirements.

Updated List

Under the [Anti-Money Laundering Directive](#) (AMLD), the Commission has a legal obligation to identify high-risk third countries with strategic deficiencies in their regime regarding anti-money laundering and countering terrorist financing. Pending the application of the above-mentioned refined methodology, the Commission has today revised its list, taking into account developments at international level since 2018. The new list is now better aligned with the lists published by the FATF.

Countries which have been listed: The Bahamas, Barbados, Botswana, Cambodia, Ghana, Jamaica, Mauritius, Mongolia, Myanmar, Nicaragua, Panama and Zimbabwe.

Countries which have been delisted: Bosnia-Herzegovina, Ethiopia, Guyana, Lao People's Democratic Republic, Sri Lanka and Tunisia.

The Commission amended the list in the form of a Delegated Regulation. It will now be submitted to the European Parliament and Council for approval within one month (with a possible one-month extension). Given the Coronavirus crisis, the date of application of today's Regulation listing third countries – and therefore applying new protective measures – only applies as of 1 October 2020. This is to ensure that all stakeholders have time to prepare appropriately. The delisting of countries, however, is not affected by this and will enter into force 20 days after publication in the Official Journal.

Background

The Commission's [Anti-Money Laundering Package of July 2019](#) highlighted a number of weaknesses in the EU's anti-money laundering / countering the financing of terrorism framework. While the transposition and entry into force of recent legislation will address some of these issues, other problems remain. In response to this package, the European Parliament and the Council invited the Commission to investigate what steps could be taken to achieve a more harmonised set of rules, better supervision, including at EU level, as well as improved coordination among Financial Intelligence Units. Today's Action Plan is the Commission's reply to this call for action, and the first step to achieve the Commission's priority to deliver a new, comprehensive framework to fight money laundering and terrorist financing. The new methodology to identify and mitigate threats that strategic deficiencies in the anti-money laundering and countering terrorist financing of third countries pose to the integrity of the EU's financial system, also issued today, will further equip the EU to deal with external risks.

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